

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 10-
v.	:	DATE FILED: <u>August 24, 2010</u>
RICHARD P. KAUFMAN	:	VIOLATIONS:
	:	26 U.S.C. § 7212(a) (attempt to obstruct lawful function of Internal Revenue Service - 1 count)
	:	18 U.S.C. § 287 (false claims- 3 counts)
	:	26 U.S.C. § 7203 (failure to file tax returns or supply information - 4counts)
	:	18 U.S.C. § 2 (aiding and abetting)

I N D I C T M E N T

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times relevant to this Indictment:

1. Defendant RICHARD P. KAUFMAN, a resident of Glen Mills, Pennsylvania, was a dentist licensed in Pennsylvania. Defendant KAUFMAN did not timely file true and accurate federal income tax returns from 1992 to the present.
2. An individual known to the grand jury as D.M.K., a/k/a D.M.N.-K., worked in defendant RICHARD P. KAUFMAN's dental practice and resided with defendant KAUFMAN.
3. Ivy Lane Real Estate Trust was a name used by defendant RICHARD P. KAUFMAN to conceal ownership of his personal residence from the Internal Revenue Service. No federal tax returns have been filed from Ivy Lane Real Estate Trust.

4. The Internal Revenue Service (IRS) is an agency of the United States Department of the Treasury responsible for enforcing and administering the tax laws of the United States and collecting taxes owed to the Treasury of the United States.

5. From in or about February 1, 2001 until and through the date of this indictment, in the Eastern District of Pennsylvania and elsewhere, defendant

RICHARD P. KAUFMAN

corruptly endeavored to obstruct and impede the due administration of the internal revenue laws of the United States by, among other things: (1) using the name of a trust to conceal ownership of his property from the IRS; (2) submitting or causing to be submitted false and fraudulent documents, titled “Registered Bond for Discharge of Debt,” to the IRS in purported payment of his federal tax liabilities; (3) submitting or causing to be submitted false and fraudulent documents, titled “Bonded Promissory Notes,” to the IRS to purportedly redeem funds for payment to his creditors; (4) filing or causing to be filed altered IRS Forms 1040 (hereinafter referred to as “Forms 1040”) and IRS Forms 1099-OID (Original Issue Discount), which reported fictitious amounts of federal income tax withheld and which Forms 1040 claimed fraudulent refunds totaling approximately \$865,041 for tax year 2008; and (5) sending and causing to be sent threatening correspondence to government employees, including IRS Special Agents, which correspondence was designed to impede and obstruct an IRS criminal investigation of defendant Kaufman.

THE DEFENDANT’S OBSTRUCTIVE PRACTICES

The acts committed in furtherance of defendant RICHARD P. KAUFMAN’s endeavor to corruptly interfere with the IRS include, but are not limited to, the following:

6. From at least February 1, 2001, through on or about September 15, 2006, in an attempt to hide his income from the IRS, defendant RICHARD P. KAUFMAN opened at least four bank accounts in his name. Defendant KAUFMAN deposited money orders and checks made payable to him. When the IRS levied at least two of the bank accounts, KAUFMAN closed those accounts.

7. From on or about October 1, 2003, to on or about December 25, 2005, in an attempt to hide his income from the IRS, defendant RICHARD P. KAUFMAN deposited checks made payable to him into bank accounts held in the name of D.M.K.

8. On or about November 2, 2004, to conceal his ownership of real property from the IRS, defendant RICHARD P. KAUFMAN transferred title of his residence from his name and the name of D.M.K. to Ivy Lane Real Estate Trust. On or about January 5, 2005, defendant KAUFMAN transferred or caused the title of the same residence to be transferred from Ivy Lane Real Estate Trust into the name of D.M.K.

9. Defendant RICHARD P. KAUFMAN submitted false and fraudulent documents, titled “Registered Bond for Discharge of Debt,” together with related correspondence to the IRS. The false and fraudulent documents purported to discharge defendant KAUFMAN’s federal income tax liabilities. Specifically:

A. On or about October 27, 2003, in purported payment of his 1998, 1999, and 2000 federal income tax liabilities (including interest and penalties), defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document titled “Registered Bond for Discharge of Debt” in the amount of \$159,665.55.

B. On or about December 10, 2003, in purported payment of his 1996 federal income tax liabilities (including interest and penalties), defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document titled “Registered Bond for Discharge of Debt” in the amount of \$121,801.38.

10. Defendant RICHARD P. KAUFMAN submitted several false and fraudulent documents to the IRS titled “Bonded Promissory Note,” to purportedly create a fictitious “account” at the IRS. These worthless documents purported to discharge KAUFMAN’s private debts by directing the IRS to pay his creditors from this non-existent account. Specifically:

A. On or about January 31, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$1,500,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay his 2007 Pennsylvania, Delaware County Court of Common Pleas, civil court judgment in the amount of \$340,221.80.

B. On or about February 25, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$500,000. Using the fictitious “account” purportedly created by the “Bonded

Promissory Note,” defendant KAUFMAN directed the IRS to pay his debt of \$75,514.10 owed to Citizen’s Bank.

C. On or about February 25, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$500,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay his debt of \$64,585.04 owed to Key Equipment Finance.

D. On or about March 10, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$200,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay D.M.K’s debt of \$12,998.36 owed to Capital One Auto Finance.

E. On or about March 10, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$200,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay his debt of \$16,242.17 owed to Hann Financial Service Corporation.

F. On or about March 10, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note,” in the amount of \$7,000,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay the trustee assigned to his claim in United States Bankruptcy Court.

G. On or about April 7, 2008, defendant RICHARD P. KAUFMAN submitted to the IRS a false and fraudulent document, titled “Bonded Promissory Note” in the amount of \$100,000. Using the fictitious “account” purportedly created by the “Bonded Promissory Note,” defendant KAUFMAN directed the IRS to pay D. M. N-K’s debt of \$2,775.95 owed to Boscov’s Inc.

11. In or about 2008 and 2009, defendant RICHARD P. KAUFMAN filed and caused to be filed three different false IRS Forms 1040 and 1099-OID for tax year 2008 which reported fictitious amounts of federal income tax withholdings totaling \$7 million, and claiming total refunds in the amount of \$865,041. Specifically:

A. On or about July 23, 2008, defendant RICHARD P. KAUFMAN caused a false 2008 Form 1040 and 1099-OID to be filed with the IRS, which falsely reported federal income tax withholdings of \$3,000,000 and claimed a refund in the amount of \$400,000. The

Form 1040 directed that the refund be deposited into a bank account held in defendant KAUFMAN's name.

B. On or about September 18, 2008, defendant RICHARD P. KAUFMAN caused a false 2008 Form 1040 and 1099-OID to be filed with the IRS, which falsely reported federal income tax withholdings of \$3,000,000 and claimed a refund in the amount of \$400,000. The Form 1040, signed by defendant KAUFMAN, directed that the refund be deposited into a bank account held in defendant KAUFMAN's name.

C. On or about March 30, 2009, defendant RICHARD P. KAUFMAN caused a false 2008 Form 1040 and 1099-OID to be filed with the IRS, which falsely reported federal income tax withholdings of \$1,000,000 and claimed a refund in the amount of \$65,041.44. The Form 1040 directed that the refund be deposited into a bank account held in defendant KAUFMAN's name.

12. On or about August 10, 2009, in response to a federal grand jury subpoena, defendant RICHARD P. KAUFMAN caused copies of a document titled "Notice and Demand for Qualifying Methods, Rank, Bond and Commission with Supporting Affidavit" (the "Notice") to be sent to the offices of the IRS Special Agents who served the subpoena, the United States District Court for the Eastern District of Pennsylvania, the United States Court of Appeals for the Third Circuit, and the United States Attorney's office for the Eastern District of Pennsylvania. The Notice included requests, among other things, for copies of the officials'

qualifications, commissions, licenses, ranks, and oaths of office. In the Notice, defendant KAUFMAN threatened the named government employees with criminal prosecution and liens if they failed to comply.

All in violation of Title 26, United States Code, Section 7212(a).

COUNTS TWO THROUGH FOUR

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1- 4 of Count One are incorporated here.
2. On or about the following dates, in the Eastern District of Pennsylvania, and elsewhere, defendant

RICHARD P. KAUFMAN

knowingly made and presented, and aided and abetted the making and presentation, to the United States Treasury Department a claim against the United States for payment of a refund of taxes in the amounts set forth below, which he then and there knew to be false, fictitious, and fraudulent. Defendant KAUFMAN made the claim by preparing and causing to be prepared an IRS Form 1040, which was presented to the United States Treasury Department, through the Internal Revenue Service.

Count	Date	Refund Claimed
2	June 23, 2008	\$400,000.00
3	September 18, 2008	\$400,000.00
4	March 30, 2009	\$65,041.44

All in violation of Title 18, United States Code, Sections 287 and 2.

COUNTS FIVE THROUGH EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1- 4 of Count One are incorporated here.
2. During the calendar years set forth below, in Glen Mills, in the Eastern District of Pennsylvania, and elsewhere, defendant

RICHARD P. KAUFMAN,

a resident of Glen Mills, Pennsylvania, made and received gross income in excess of the minimum filing requirements. By reason of such gross income he was required by law, following the close of each calendar year and on or before the filing due date set forth below, to make an income tax return to the Internal Revenue Service Center, at Philadelphia, Pennsylvania, or other proper officer of the United States, stating specifically the items of his gross income and any deductions and credits to which he was entitled; that knowing this, he willfully failed to make an income tax return to the Internal Revenue Service Center, or to any other proper officer

of the United States:

<u>COUNT</u>	<u>YEAR</u>	<u>FILING DUE DATE</u>
5	2004	4/15/05
6	2005	4/17/06
7	2006	4/17/07
8	2007	4/15/08

All in violation of Title 26, United States Code, Section 7203.

A TRUE BILL:

GRAND JURY FOREPERSON

**ZANE DAVID MEMEGER
UNITED STATES ATTORNEY**